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SUBJECT: PUMPING UP -- OPPOSITION REVIVING COALITIONS FOR LOCAL ELECTIONS

1. SUMMARY AND COMMENT: Croatia's current opposition parties learned the hard way when they lost power in the 2003 parliamentary elections - coalitions are the key to electoral victory against the ruling Croatian Democratic Union (HDZ). With that lesson in mind, opposition leaders see local elections (expected next spring) as a critical opportunity to rebuild the partnerships they abandoned in 2003, strengthen party infrastructure, and set the stage for the next round of parliamentary elections. This revival of opposition coalitions indicates a marked evolution of attitudes among party power brokers - a step away from the personality politics of the recent past that too often favor party extremists. Local elections will give Croatian politicians the opportunity to prove they can sustain these alliances and produce a more balanced and stable multi-party democracy.

2. The Social Democrats (SDP) and the Peasant Party (HSS) announced plans for close cooperation in local elections, including joint candidate lists. In a similar vein, a trio purporting to make up the Croatian "civil center," the Croatian People's Party (HNS), the Liberal Party (LS) and Libra, signed a coalition agreement and left open the possibility of linking up with their former partners in the SDP and HSS. The ruling HDZ has generally avoided talk about elections; however, some house-cleaning moves indicate that it, too, is preparing. The Croatian Party of Rights (HSP) is positioning itself to appeal to voters too far to the right for the reformed HDZ, but remains open to local coalitions with the ruling party. Despite earlier posturing, most parties seem to favor the existing party ballot system rather than the direct election of mayors and county executives. END SUMMARY AND COMMENT.

#### LEARNING FROM THEIR MISTAKES

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3. Croatian opposition parties are aiming for a political comeback by reforming the partnerships that once brought them to power. The SDP, the largest opposition party, and the HSS are in the process of negotiating a coalition for local elections ordinarily due in May 2005. This alliance is critical, as the independent ambitions of HSS leader Zlatko Tomcic are widely seen as the main reason for the previous coalition government's collapse. In addition, while the SDP dominates urban politics, the HSS power base is rural, creating a complementary ticket for local elections. Senior officials in both the SDP and the HSS told the Embassy they would seek joint lists of candidates in all counties and major cities across the country. They plan to sign an agreement in early September, and hope to make similar arrangements in smaller communities. Party leaders have also said they would leave the door open for other parties, especially former partners in the HNS and the regional Istrian Democratic Assembly (IDS). The HNS, LS and Libra signed a coalition agreement July 18 establishing what they called a "civil center" of Croatia, and welcome cooperation with other parties, namely the SDP, the HSS, and the Pensioners' Party (HSU).

4. In addition to these formal steps to rebuild the former coalition, political leaders from the SDP, HSS and HNS united to criticize government actions this summer, particularly those concerning road construction. The opposition took full political advantage of the GOC's intention to expand a road construction contract without public tendering. Using this "affair" to portray the HDZ-led government, and particularly some of its ministers, as a group pursuing private rather than national interests (the latter being an issue of particular sensitivity for the HDZ), the opposition eventually forced the government to open a full tendering process. According to Post contacts, the leaders of these parties will continue to work together to counterbalance the HDZ's power when Parliament resumes its work later in September.

#### TAKING OUT THE TRASH -- HDZ'S SUMMER CLEANING AND THE FAR RIGHT

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5. The ruling HDZ has not yet publicly addressed elections. However, some of the party's and the government's recent moves indicate that they are positioning themselves for local elections. In July, the HDZ expelled from membership Ante Loncar, mayor of the economically troubled town of Imotski, for spending city funds on a particularly expensive official vehicle. Similarly, the government pressed corruption charges in August against Stipe Gabric Jambo, another former mayor and ex-HDZ member who has greatly enriched himself over the past decade, becoming a symbol of cronyism and dubious privatization. In its countrywide effort to stop illegal building, in July the government ordered the

destruction of a house in an elite part of Zagreb belonging to a former prominent HDZ-er and army general Ljubo Cesic Rojs, who epitomizes the regime from the nineties. While steps like these are welcome, opposition officials claim they are more a result of infighting than a genuine wish to clean party ranks and combat corruption, noting that these house-cleaning targets enjoyed full support and protection while loyal to the party and were conveniently hit only after they left the HDZ or when their interests clashed with those of other, more powerful old-school party members.

16. The far-right Croatian Party of Rights (HSP) recently formally abandoned its past practice of glorifying Croatia's WWII fascist regime. As a consequence, it won eight seats in the November 2003 elections, doubling its strength in the national Parliament. As the HDZ has moved toward the center, the HSP has been quick to capture the right side of the political spectrum. It launched a campaign this summer in support of generals indicted for or convicted of war crimes, including posters across Dalmatia picturing Mirko Norac, a Croatian general indicted by the ICTY and already found guilty of war crimes by a domestic court, declaring: "Guilty -- of defending his homeland." Similarly, the party has become a more vocal skeptic regarding NATO and EU membership and was also the only important party that had no problem with the recent erection of monuments in memory of Ustasha leaders. Recent polls show that HSP support may have peaked, settling at 7 to 8 percent, a number predicted by local analysts, including President Mesic's domestic policy advisor, Igor Dekanic. COMMENT: Local elections could reveal the HSP's real strength, as they are the only significant party with the possibility of going into coalition with the HDZ. While international considerations kept the HDZ from forming a national alliance with the HSP following the last parliamentary elections, it is less likely to avoid cooperation with the far right at the local level. END COMMENT.

#### DEBATES OVER ELECTION TIMING AND REPLACING PARTY BALLOTS

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17. HDZ strategists have also considered how the timing of the local elections due in 2005 might help their cause. The law requires local elections on the third Sunday of May every four years. However, two high-ranking old-school HDZ-ers have made conflicting statements on changing the election schedule. The HDZ MP and party chief in Eastern Slavonia, Branimir Glavas, suggested in mid-July that local elections could be held together with those for the President around the New Year. Although Glavas argued that combining the two elections would reduce organizational costs, opposition leaders and independent analysts suspect Glavas believes the HDZ would do better at combined elections than at a local election following their candidate's expected defeat in the presidential race (septel). Later in July, another prominent party member, Deputy Speaker Luka Bebic, said that he expected local elections in April. Either of the suggested dates would require a legislative change. SDP SG Igor Dragovan told us in late August that the HDZ would have trouble getting its coalition partners, especially the Pensioner Party and the Independent Democratic Serbian Party (SDSS), to vote for changing the law, due to growing SDSS discontent with the slow pace the government is addressing their interests. Dragovan believes the HDZ chose to make conflicting statements about the election date to create confusion in the opposition.

18. There has also been intermittent debate about direct election of mayors and county executives (zupans). Under current law, local executive authorities are selected by the city councils/county assemblies elected on party/coalition ballots at the local elections. Reformers have argued that local officials should be responsible directly to the citizens rather than the parties they come from. All major parties have supported this view in public statements. The HNS, however, is now the only major party that still publicly promotes a change. While claiming that they still support direct election of mayors and zupans, all other relevant parties (HDZ, SDP, HSS) in fact favor the status quo. They privately offer a number of reasons: there isn't enough time to change the law; that, once elected, mayors would be unimpeachable; that local governments would become unstable; or even that Croatia is not ready for such a radical change. Most major parties governing Croatian cities and counties (HDZ, SDP, HSS) are not ready to give up party influence on the electoral process, especially in places with strong individuals. With virtually no debate on the issue in the run-up to local elections, it's likely the current system will remain in place.

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